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*20 years, young HC!*

**HC INTERNATIONAL, INC.**

**慧聪网有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 02280)**

**(Stock code: 05839)**

**PARTIAL COMPLETION OF CONNECTED TRANSACTION  
IN RELATION TO THE SUBSCRIPTION OF ZERO COUPON  
CONVERTIBLE BONDS UNDER SPECIFIC MANDATE  
AND  
ADJUSTMENT TO THE CONVERSION PRICE OF  
THE EXISTING CONVERTIBLE BONDS**

**Financial Advisor to the Company**



**WALLBANCK BROTHERS  
Securities (Hong Kong) Limited**

Reference is made to the announcements of HC International, Inc. (the “**Company**”) dated 9 December 2015, 30 December 2015, 29 February 2016 and 1 April 2016 respectively and the circular of the Company dated 12 January 2016 (the “**Circular**”) in relation to, among other things, the Subscription. Capitalised terms used herein shall have the same meaning as ascribed to them in the Announcements and the Circular unless the context otherwise requires.

## **PARTIAL COMPLETION OF SUBSCRIPTION OF ZERO COUPON CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

The Board is pleased to announce that all the conditions precedent as set out in the Subscription Agreement had been fulfilled and the partial completion of the subscription of the Convertible Bonds took place on 26 May 2016. Part of the Convertible Bonds in an aggregate principal amount of HK\$380,000,000 (“**Part I CB**”) were issued to the Subscriber 1, Subscriber 2 and Subscriber 3 in accordance with the terms of the Subscription Agreement.

Assuming there is no change in the existing shareholding of the Company and no adjustment to the initial Conversion Price of \$4.00 per Conversion Share, a total of 95,000,000 Conversion Shares will be allotted and issued upon full exercise of the conversion rights attaching to the Part I CB at the initial Conversion Price, representing approximately 10.38% of the issued share capital of the Company as at the date of this announcement, and approximately 9.4% of the issued share capital of the Company as enlarged by the allotment and issue of 95,000,000 Conversion Shares at the initial Conversion Price. The Company received net proceeds of an aggregate of approximately HK\$378,550,000 as a result of the partial completion of the Subscription.

It is expected that the completion of the subscription of the Convertible Bonds in the principal amount of HK\$120,000,000 (“**Part II CB**”) by Subscriber 4 will take place in June 2016. The Company will make an announcement in due course as and when appropriate.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and upon the partial completion of the Subscription is set out below:

	Immediately before the partial completion of the Subscription		Immediately upon the partial completion of the Subscription and full exercise of the conversion rights attaching to the Part I CB	
	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>
<b>Directors and their associate(s):</b>				
Guo Jiang (Subscriber 1) and his spouse	83,358,771	9.11%	123,358,771	12.21%
Guo Fansheng	57,749,015	6.31%	57,749,015	5.71%
Callister Trading Limited ( <i>Note 1</i> )	32,000,384	3.50%	32,000,384	3.17%
Lee Wee Ong (Subscriber 2)	3,350,672	0.36%	18,350,672	1.82%
<b>Substantial Shareholders:</b>				
Talent Gain Developments Limited ( <i>Note 2</i> )	142,621,107	15.58%	142,621,107	14.12%
Unique Golden Limited ( <i>Note 2</i> )	23,408,000	2.56%	23,408,000	2.32%
<b>Other Subscribers:</b>				
Subscriber 3	–	–	40,000,000	3.96%
Subscriber 4	62,273,794	6.80%	62,273,794	6.16%
<b>Public Shareholding</b>	<u>510,468,360</u>	<u>55.78%</u>	<u>510,468,360</u>	<u>50.53%</u>
<b>Total</b>	<u>915,230,103</u>	<u>100.00%</u>	<u>1,010,230,103</u>	<u>100.00%</u>

*Note:*

- The entire share capital of Callister Trading Limited is owned by Mr. Li Jianguang, a non-executive Director of the Company.
- Unique Golden Limited is wholly and beneficially owned by Talent Gain Developments Limited, which in turn is wholly and beneficially owned by Digital China (BVI) Limited and indirectly wholly and beneficially owned by Digital China Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 861). Therefore, each of Talent Gain Developments Limited, Digital China (BVI) Limited and Unique Golden Limited are deemed to be interested in the Shares owned by Digital China Holdings Limited.

## ADJUSTMENT TO THE CONVERSION PRICE OF THE EXISTING CONVERTIBLE BONDS

As at the date of this announcement, the Company has outstanding Existing Convertible Bonds in an aggregate principal amount of HK\$780,000,000 and convertible into approximately 68,062,827 new Shares at the exercise price of HK\$11.46 per conversion share of the Company.

Pursuant to the terms and conditions of the Existing Convertible Bonds, as a result of the Subscription, the conversion price of the Existing Convertible Bonds and the maximum number of Shares issuable by the Company upon full conversion of the Existing Convertible Bonds are adjusted with effect from 26 May 2016. Details of the adjustments are set out below:

<b>Before partial completion of the Subscription</b>		<b>After partial completion of the Subscription</b>	
<b>Conversion price (HK\$)</b>	<b>Maximum number of Shares issuable by the Company upon full conversion of the Existing Convertible Bonds</b>	<b>Conversion price (HK\$)</b>	<b>Maximum number of Shares issuable by the Company upon full conversion of the Existing Convertible Bonds</b>
11.46	68,062,827	11.28	69,148,936

Save for the above adjustments, all other terms and conditions of the Existing Convertible Bonds shall remain unchanged.

By order of the Board  
**HC INTERNATIONAL, INC.**  
**Guo Jiang**

*Chief Executive Officer and Executive Director*

Beijing, the People's Republic of China, 26 May 2016

*As at the date of this announcement, the Board comprises:*

*Mr. Guo Fansheng (Executive Director and Chairman)*

*Mr. Guo Jiang (Executive Director and Chief Executive Officer)*

*Mr. Lee Wee Ong (Executive Director and Chief Financial Officer)*

*Mr. Li Jianguang (Non-executive Director)*

*Mr. Guo Wei (Non-executive Director)*

*Mr. Zhang Ke (Independent non-executive Director)*

*Mr. Xiang Bing (Independent non-executive Director)*

*Mr. Zhang Tim Tianwei (Independent non-executive Director)*

\* *for identification purpose only.*